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TOWN OF SAN ANSELMO, CALIFORNIA

SINGLE AUDIT REPORTS ON FEDERAL AWARDS PROGRAMS

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JUNE 30, 2009

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TOWN OF SAN ANSELMO, CALIFORNIA
SINGLE AUDIT REPORTS ON FEDERAL AWARDS PROGRAMS

JUNE 30, 2009

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November 25, 2009

Honorable Mayor and
Members of the Town Council of
the Town of San Anselmo, California

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

We have audited the compliance of the Town of San Anselmo, California (the "Town") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purposes described in the preceding paragraph and would not necessarily identify all deficiencies in the Town's internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Town as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated November 25, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that comprise the Town's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the members of the Town Council, management, and others within the Town, and the officials of applicable federal grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Odeberg Ullakko Murawski & Co LLP

**TOWN OF SAN ANSELMO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Program Description</u>	<u>Program CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through State of California Governor's Office of Emergency Services Disaster Summary for FEMA-1628-DR, California Public Assistance Grants	97.036	\$ 255,037
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through State of California Governor's Office of Emergency Services Disaster Summary for Flood Mitigation Assistance 07	97.029	<u>503,043</u>
Subtotal U.S. Department of Homeland Security		<u>758,080</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through California Department of Transportation STPLX 5159-007	20.205	434,818
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through California Department of Transportation Safe Routes to Schools	20.205	3,615
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through California Department of Transportation Non-motorized Transportation Pilot Program	20.205	<u>22,496</u>
Subtotal U.S. Department of Transportation		<u>460,929</u>
GRAND TOTAL		<u>\$ 1,219,009</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF SAN ANSELMO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - Summary of significant accounting policies:

General

The Schedule of Expenditures of Federal and State Awards presents the activity of all federally funded programs of the Town of San Anselmo, California (the "Town"). The reporting entity is defined in Note 1 to the Town's basic financial statements.

Basis of accounting

The Schedule of Expenditures of Federal and State Awards is presented on the modified accrual basis of accounting. Under this basis, revenues are recognized when they become susceptible to accrual, which means both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred and grant eligible reimbursements have been satisfied by the Town.

NOTE 2 - Direct and pass-through programs:

Direct programs represent programs where the grantor federal agency remits federal funds directly to the Town. Pass-through programs represent programs where the grantor federal agency remits funds to another government agency and that agency enters into a subrecipient agreement with the Town and then reimburses the Town with federal grant funds. The Town did not receive or expend any funds related to direct programs during the fiscal year ended June 30, 2009.

November 25, 2009

Honorable Mayor and
Members of the Town Council of
the Town of San Anselmo, California

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the basic financial statements of the Town of San Anselmo, California (the "Town") as of and for the fiscal year ended June 30, 2009 and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the members of the Town Council, management, and others within the Town, and the officials of the applicable grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Odeberg Ullakko Murainshin: 600P

TOWN OF SAN ANSELMO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

A. Financial statements

1. Type of auditors' report issued Unqualified
2. Internal control over financial reporting:
- Material weaknesses identified? ____ Yes __X__ No
- Reportable conditions identified not considered to be material weaknesses? ____ Yes __X__ No
- Noncompliance material to financial statements noted? ____ Yes __X__ No

B. Federal awards

1. Internal control over major programs:
- Material weaknesses identified? ____ Yes __X__ No
- Reportable condition identified not considered to be a material weakness? ____ Yes __X__ No
2. Type of auditors' report issued on compliance for major programs Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? ____ Yes __X__ No
4. Identification of major programs:
- | <u>CFDA Number/Name of Federal Program</u> | |
|--|----------------------------------|
| 97.029 | FEMA Flood Mitigation Assistance |
| 20.205 | CalTrans STPLX 5159-007 |
5. Dollar threshold used to distinguish between Type A and Type B Programs \$300,000
6. Auditee qualifies as low-risk auditee? ____ Yes __X__ No

SECTION II - FINANCIAL STATEMENTS FINDINGS

None Noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted